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SUBJECT: U.S. PLANS ARMS SALE TO SAUDIS

¶1. TEXT OF MAY 16 WASHINGTON POST ARTICLE "U.S. PLANS ARMS SALE TO SAUDIS, WHITE HOUSE TO NOTIFY CONGRESS OF \$500 MILLION DEAL" BY BARRY SCHWEID OF THE ASSOCIATED PRESS FOLLOWS.

¶2. BEGIN TEXT:

¶3. IN A MOVE CERTAIN TO TOUCH OFF HEATED DEBATE, THE WHITE HOUSE WILL NOTIFY CONGRESS NEXT WEEK THAT IT INTENDS TO SELL \$500 MILLION WORTH OF F15 FIGHTER PLANES TO SAUDI ARABIA, REAGAN ADMINISTRATION AND CONGRESSIONAL SOURCES SAID YESTERDAY.

CONGRESS, WHICH HAS THE AUTHORITY TO VETO THE PURCHASE, IS LKELY TO TAKE A CLOSE LOOK AT THE PLAN IN LIGHT OF REPORTS THAT THE SAUDIS SECRETLY PROVIDED FINANCIAL HELP TO THE NICARAGUAN CONTRAS.

THE WASHINGTON POST REPORTED THIS WEEK THAT SOURCES CLOSE TO THE SAUDIS ESTIMATE THEIR CONTRIBUTION TO THE CONTRAS AT \$23 MILLION IN 1984-85. SOME MEMBERS OF THE

CONGRESSIONAL COMMITTEES INVESTIGATING THE IRAN-CONTRA AFFAIR HAVE ESTIMATED SAUDI CONTRIBUTIONS TO HAVE BEEN AS HIGH AS \$32.5 MILLION.

ISRAEL'S SUPPORTERS, MEANWHILE, ARE BOUND TO CHALLENGE THE DEAL AS POSING A POTENTIAL MILITARY DANGER.

THE SOURCES, WHO DEMANDED ANONYMITY, SAID THE PLANES--12 TO 15, DEPENDING ON ULTIMATE PRODUCTION COSTS--WOULD BE KEPT IN THE UNITED STATES AND PROVIDED TO THE ARAB KINGDOM ONLY TO REPLACE JETS LOST IN ACCIDENTS.

"IT IS UNDER ACTIVE CONSIDERATION AS ATTRITION REPLACEMENTS," ONE OFFICIAL SAID.

AFTER BITTER DEBATE IN CONGRESS, THE CARTER ADMINISTRATION IN 1978 WON APPROVAL FOR THE SALE OF 62 JETS TO THE SAUDIS.

FOUR OR FIVE PLANES HAVE SINCE BEEN LOST IN ACCIDENTS, AND THE UNITED STATES WANTS TO KEEP THE LEVEL UP TO 60, AN OFFICIAL SAID.

CONGRESS WAS TO HAVE BEEN NOTIFIED THIS WEEK. BUT THE PLAN WAS "SHORT-CIRCUITED" BY THE CONGRESSIONAL HEARINGS ON THE IRAN-CONTRA AFFAIR, THE SOURCES SAID.

SAUDI AID TO THE CONTRAS CAME AT A CRITICAL PERIOD WHEN CONGRESS HAD PROHIBITED U.S. MILITARY ASISTANCE TO THE REBELS.

IN THE PERIOD, THE ADMINITRATION SHIPPED 400 STINGER ANTIAIRCRAFT MISSILES TO SAUDI ARABIA AND ALSO SAID IT WAS CONSIDERING A PROPOSAL TO SELL \$12 BILLION IN ADDITIONAL ARMS TO THE OIL-RICH KINGDOM.

WHILE CONGRESS WAS UNAWARE OF THE SECRET CONTRA AID, OPPONENTS THREATENED TO REJECT THE PURCHASES--AND WITH ENOUGH VOTES TO OVERRIDE A VETO BY PRESIDENT REAGAN.

HE SCALED DOWN THE DEAL, BUT THE SAUDIS WITHDREW THE ENTIRE PACKAGE.

THEIR NEW REQUEST INCLUDES BOTH F15C AND F15D JETS, WHICH ARE PRODUCED BY MCDONNELL DOUGLAS CORP. THE SAUDIS INITIALLY BOUGHT 47 F15CS AND 15 F15DS.

MCDONNELL DOUGLAS IS DUE TO END PRODUCTION OF BOTH TYPES OF AIRPLANES IN MAY 1988. IT WILL TURN OUT THE MORE

POTENT F15E, WHICH AN OFFICAL DESCRIBED AS A "STRIKE AIRCRAFT" THAT THE ADMINISTRATION WOULD NOT SELL TO THE SAUDIS AND CONGRESS WOULD NOT APPROVE.

THE OFFICIAL, WHO DECLINED TO BE IDENTIFIED, ESTIMATED THAT IT WOULD TAKE THREE YEARS TO MANUFACTURE THE FIRST OF THE REPLACEMENT JETS.

THE FIRST GROUP OF FOUR OR FIVE-,OR MORE IF OTHER EXISTING PLANES ARE LOST--WOULD BE SENT TO SAUDI ARABIA THEN, WHILE THE OTHERS WOULD BE KEPT IN THE UNITED STATES TO BE SUPPLIED AS NEEDED.

14. END TEXT.

SHULTZ